



PARTY CITY HOLDINGS INC.

FCPA, UK BRIBERY ACT AND ANTI-CORRUPTION POLICY

January 2020

I. INTRODUCTION AND SCOPE

Corruption violates the public's trust, threatens national and international economic and social development and substantially impedes fair trade. To combat corruption, most, if not all, of the countries in which Party City Holdings Inc. and its respective affiliates and subsidiaries (collectively, "Party City" or "the Company") conduct business have enacted anti-corruption/anti-bribery laws and regulations (hereinafter "Anti-Corruption Laws").

Party City believes in conducting business ethically, honestly and with integrity. It has been, and continues to be, the policy of the Company to comply with the United States Foreign Corrupt Practices Act (the "**FCPA**") and the UK Bribery Act 2010 (the "**UK Bribery Act**"), as well as all other applicable Anti-Corruption Laws wherever we operate. Accordingly, the Company has adopted this FCPA, UK Bribery Act and Anti-Corruption Policy (the "Policy") to set standards of conduct consistent with the FCPA, UK Bribery Act, and applicable Anti-Corruption Laws, and to establish processes for continued compliance.

This Policy applies to the Company's officers, directors, and employees. The Company also expects that its Business Partners adhere to the principles of the Policy and conduct their business with similar integrity. The term "Business Partner" is broadly interpreted to cover any third party who is acting for or on behalf of the Company and includes, but is not limited to, any agent, consultant, distributor, joint venture partner, representative, lobbyist, lawyer or accountant.

The requirements of the Policy are not designed to be exhaustive, but the Policy is intended to expand upon the provisions of the Company's Code of Business Conduct and Ethics and other Company policies and handbooks.

II. POLICY STATEMENT

It is the unalterable policy of the Company to comply with the provisions of the FCPA, UK Bribery Act and other applicable Anti-Corruption Laws.



A. Anti-Bribery

Party City prohibits anyone acting on the Company's behalf from receiving or paying a bribe or giving, offering, promising, or authorizing the gift of money or anything of value to any person, including any Government Official, in order to improperly influence any act or decision of a person, or to otherwise gain an improper benefit for the Company.

"Anything of value" includes not only cash and cash equivalents, but also gifts, entertainment, accommodations, and anything else of tangible or intangible value.

A "Government Official" may include, but is not limited to, any officer, employee, or those acting on behalf of any of the following:

- Government agencies, ministries, and administrative, judicial, or legislative bodies;
- Public international organizations, such as the United Nations;
- Businesses or other entities that are partially or wholly-owned or controlled by a government or governmental agency;
- Political parties, a candidate for foreign political office, or a foreign political campaign; and
- Monarchies or members of royal families.

B. Accurate Books and Records

Party City must create and maintain books, records and accounts that fairly and accurately reflect, in reasonable detail, all transactions and dispositions of assets conducted by the Company. No undisclosed or unrecorded fund or asset may be established or maintained for any purpose.

Every officer, employee and agent of the Company is obligated by this and other Company policies, as well as by the FCPA, to keep books, records and accounts that accurately and fairly reflect all transactions and dispositions of Company assets. All transactions must be accurately recorded in the Company's books and records so as to reflect their true purpose.



C. Mandatory Compliance and Policy Implementation

Compliance with this Policy is mandatory. Failure to comply with this Policy can result in civil and criminal penalties and reputational damage to the Company. Any director, officer, or employee of the Company who violates this Policy, who directs another to violate this Policy, or who knowingly permits a subordinate to violate this Policy, will be subject to appropriate disciplinary action up to and including termination. Any Business Partner who violates this policy or whose subcontractor violates this policy while working on behalf of the Company shall result in the Company taking appropriate action, up to and including termination of the Business Partner's relationship with the Company. In addition to termination, directors, officers, employees, and Business Partners who fail to comply with this Policy may be personally subject to civil and criminal enforcement actions.

The Company will maintain appropriate internal controls designed to prevent, detect and remediate bribery and recordkeeping violations. All officers and employees are responsible for ensuring that Business Partners with whom they interact fully understand and comply with the Policy.

III. REPORTING

Any officer, director, employee, or Business Partner who has information that this Policy has been violated, or believes that he or she is being asked to pay a bribe, receive a bribe, or otherwise act in violation of this Policy must immediately report the event. Reports shall be made to the employee's supervisor or to the Company's Confidential Hotline (contact information below). If a supervisor receives a report of a violation of this Policy, he or she shall forward that report to the Confidential Hotline. Reports may be made anonymously through the Confidential Hotline.

No one who makes a good faith report will be subject to disciplinary action or retaliation for making the report. No retaliation means that if you report a concern in good faith, you cannot be subject to any adverse employment action, including separation, demotion, suspension, or loss of benefits because of the report. However, a reporter may be subject to disciplinary action for any violations of this Policy or any other Company policies.

IV. GIFTS AND HOSPITALITY EXPENSES



The Gifts and Hospitality Procedures, attached as Appendix A, specifically outline the very limited circumstances when items of value can be given to, or received from, third parties. Business courtesies such as travel and entertainment expenses, meals, Company promotional items, and gifts of a nominal value may not be offered or received except in accordance with this Policy and the Gifts and Hospitality Procedures.

V. FACILITATION PAYMENTS

Facilitation payments (also referred to as “grease payments”) are payments of de minimis value, oftentimes customary, intended to facilitate otherwise routine government action. They are not considered to be bribes under the FCPA, but they may be illegal under other applicable laws, including domestic anti-corruption laws, and are prohibited under the UK Bribery Act. Furthermore, it can be extremely difficult to distinguish a legitimate facilitation payment from an illegitimate bribe. **Accordingly, facilitation payments are prohibited by this Policy and any request for a facilitation payment or grease payment shall be immediately reported as if it were a request for a bribe payment.**

VI. EMERGENCY HEALTH AND SAFETY PAYMENTS

Emergency Health and Safety Payments are payments made in response to a Government Official’s demand for money or anything else of value under the threat of death, bodily harm, or injury to a person or the threat that a person may be unjustly and immediately jailed. In such cases, the payment demanded may be made without prior approval. Payments to prevent economic harm or the loss of business to the Company are not Emergency Health and Safety Payments.

Emergency Health and Safety Payments of any amount must be reported immediately to the officer’s, employee’s or Business Partner’s immediate supervisor within the Company and to the Confidential Hotline.

VII. POLITICAL CONTRIBUTIONS

No funds or assets of the Company may be used for political contributions without obtaining prior written approval from the General Counsel. These prohibitions cover not only direct contributions, but also indirect assistance or support of candidates or political parties through the purchase of tickets



to special dinners or other fund raising events, or the furnishing of any other Company goods or services to political parties or campaigns.

VIII. "RED FLAGS"

Certain situations arise that may indicate a potential violation of the FCPA, UK Bribery Act or other Anti-Corruption Laws. The following "red flags" are merely a representative list of the types of transactions that may suggest a potential violation. Although this Policy and other Company controls guard against many of the scenarios below, Company personnel should always be alert to signs that a transaction is "wrong."

1. **PAYMENTS GREATER THAN "NORMAL" AND PAYMENTS FOR UNCLEAR PURPOSES.** These may be finders' fees, agents' fees or payment for goods or services which are more than seems to be appropriate or more than is stipulated in the contract with the third party. Payment for goods or services where there is insufficient detail as to the purpose of the payment is a red flag.

2. **THIRD-PARTY PAYMENTS.** Payments of money to persons outside the normal scope of the transaction. This includes payments made to accounts or persons in third countries. There may be reasonable explanations for making third-party payments, but such reasons must be documented and approved before such payments are made.

3. **LARGE BONUSES.** Although not inherently illegal, large bonuses which are success-based require careful scrutiny since the recipient of such a bonus may be tempted to share a portion of the bonus with an individual in a position to influence the Company obtaining or retaining business or any other improper advantage in the business of the Company.

4. **OVER-INVOICING.** Invoices that are "padded", higher than normal, or inadequately documented as to products or services delivered or received compared to prices charged or paid can be a sign that money is being siphoned for inappropriate uses. In addition to an auditing concern, such invoices can be a sign of corruption problems as well.

5. **LACK OF STANDARD INVOICES.** Abbreviated, "customized" or non-industry standard invoices can be an indication of efforts to hide or disguise payments for unauthorized purposes. Insist on standard invoices (and understand what they are), or demand a satisfactory and credible explanation for any variations.



6. **UNUSUAL CREDITS GRANTED TO NEW BUSINESS PARTNERS OR OTHER THIRD PARTIES.** Pre-payments, extensions of credit and cash advances to new and unfamiliar business partners or other third parties must be avoided. Such conditions are sometimes a sign that money must be placed in the hands of local officials before an order can be completed.

7. **CHECKS DRAWN TO "CASH".** Any transaction that is not adequately documented as to its true commercial purpose could not only indicate a corruption problem, it could also create problems for the Company with respect to its accounting standards and record-keeping obligations. Carefully, clearly and accurately document all payments to or from Business Partners.

8. **SECRECY.** A request by a Business Partner that its relationship with the Company be kept secret is a red flag of a potential corruption problem. The Company should avoid doing business with any Business Partner that requests that its relationship with the Company be kept secret.

9. **SPECIAL RELATIONSHIPS.** Where a Business Partner has a special relationship to the foreign government, such as if the local party's relatives, partners, owners, principals, or staff members are officials, officers, or representatives of a foreign government or political party or candidates for political office, there is a greater potential for a violation of Anti-Corruption Laws.

IX. BUSINESS PARTNER DUE DILIGENCE

Business Partners present heightened anti-corruption risk. You are expected to contact compliance@partycity.com if you are contemplating entering into a relationship with a Business Partner that will operate outside of the United States and Canada, so that the Company can work with you to ensure that the third party undergoes appropriate due diligence.

Party City's Compliance organization will direct all due diligence activities for vendors operating outside of the U.S. and Canada. Upon completion of vendor due diligence, the General Counsel's office will oversee the negotiation of a written contract with the vendor. Under no circumstances may a business unit sign a contract with a third party vendor without the approval of the General Counsel's office. Business Units are expected to stay in close communication with the Compliance organization and the General Counsel's office throughout the due diligence process and shall promptly provide information as requested.



X. THE CONFIDENTIAL HOTLINE

The Company's Confidential Hotline may be accessed in various languages through the channels below.

For Wholesale and Manufacturing units/offices: 1 (800) 405 - 8943

www.reportlineweb.com/partycity

For Retail stores/corporate office: 1 (888) 270 - 5937

www.reportlineweb.com/partycity

XI. QUESTIONS

Questions about this Policy or the Company's anti-corruption obligations shall be directed to compliance@partycity.com.



APPENDIX A

Gifts and Hospitality Procedures

XII. Introduction

All gifts and hospitality (including meals, entertainment and travel expenses) offered or received on behalf of Party City Holdings Inc. and/or its respective affiliates and subsidiaries (collectively, "Party City" or "the Company") must be directly related to a legitimate business purpose. Gifts and hospitality in all cases must be reasonable in amount and must be offered or received in good faith only in direct relation to: (1) the promotion, demonstration or explanation of company products or services; (2) the execution or performance of a contract with a third party, including a foreign government or agency thereof; or (3) compliance with law. Any gifts or hospitality provided by or on behalf of the Company must be lawful under applicable local law. In no event may any gift or hospitality be offered, provided or received in return for any improper favor or benefit to the Company or its Business Partners, and no gifts or hospitality should be provided that creates even the appearance of impropriety or otherwise being unduly lavish.

Note: Frequency of providing gifts and hospitality must be carefully monitored, as the cumulative effect of frequent gifts and hospitality may give rise to the appearance of impropriety. The frequency of gifts and hospitality provided must always be of a customary or reasonable amount. Refer any questions that arise relating to the appropriateness of repeated gifts and hospitality to compliance@partycity.com.

No Company employee may be reimbursed for expenses relating to Gifts and Hospitality provided to third parties without appropriate supporting documentation (such as itemized receipts, invoices, and proof of payment).

I. Meals and Entertainment

Meals and entertainment offered to or received from persons who have a business relationship with Party City are generally acceptable so long as the meal or entertainment is: (1) reasonable in value; (2) appropriate to the business relationship; (3) does not create an appearance of impropriety; and (4) provided in the presence of a representative from Party City (i.e. Party City is not paying for meals and entertainment for which it has no direct



involvement). Note that many foreign jurisdictions have laws restricting entertainment and meals provided to Government Officials.

Refreshments and meals of reasonable value and otherwise in accordance with these Gifts and Hospitality Procedures, which are furnished in connection with trade shows, association meetings, official governmental functions, or ceremonial, commemorative or celebratory functions, are permissible. For such events or occasions to which foreign Government Officials are invited, notification of such events shall be made in writing to compliance@partycity.com at least 15 days in advance of such event, or some other reasonable amount of time as circumstances allow. The notification shall generally describe the event, the per person cost of the refreshments and meals and mementos offered, and any other relevant aspects of the event.

II. Travel Expenses

All travel expenses provided by the Company to any person, including, but not limited to a foreign Government Official, including the costs of transportation, lodging, meals and entertainment in connection with business travel, must be reasonable and bona fide, based on a legitimate business purpose and provided in the normal course of business. In addition, all such travel expenses must be permissible under the applicable local laws and regulations and must be limited to what is necessary to meet the business need.

The following rules apply to all travel expenses provided by the Company to Government Officials:

- The government entity or agency, and not the Company, must select the invitees;
- The Company shall not pay for the travel of anyone not directly involved in the legitimate business purpose of the trip (i.e. the family or friends of a Government Official);
- The travel or transportation must be directly between the Government Official's residence or office and the business location to which the Government Official is traveling;
- Neither the Company nor anyone acting on the Company's behalf may pay for side trips, shopping excursions, or leisure activities; and
- Providing cash, gift cards, and cash equivalents are prohibited.



In no case will payment or reimbursement for travel expenses be made directly to the individual for whom the expense was incurred. Such payment or reimbursement shall be made, whenever possible, directly to the travel vendor (hotel, airline) or otherwise to the corporation, government or organization involved.

Per diem payments are similarly prohibited, except where expressly provided for in a written contract with a customer or when required by law. In such case, per diem payments shall be paid strictly in accordance with the contract requirements or as required by law. Any such payment shall be made by check, rather than cash. Whenever feasible, the check for per diem payments should be made payable to the customer, rather than to any individual. Any such per diem payment shall always be accompanied by appropriate documentation accurately recording the amount and nature of the payment in accordance with the contract requirement.

III. Gifts

All gifts provided on behalf of Party City must comply with all of the following conditions:

1. The gift is not in the form of cash, gift cards, or any cash equivalent;
2. The gift is made as a courtesy;
3. The cost of the item is reasonable and its ceremonial value exceeds its intrinsic value;
4. The gift is given openly rather than in secret;
5. The gift is permissible under all applicable laws (including local laws);
6. The gift is not part of systematic or a long-term pattern of gift-giving; and
7. The gift is duly recorded as such in the Company's books and records.

Whenever possible and appropriate, the gifts provided should bear the Company logo. Gifts valued at \$100 or more must have the prior approval of the General Counsel's office (which may be reached via compliance@partycity.com) before being provided. Whenever appropriate, a gift should be made to the customer organization or to a governmental agency, and not to an individual.



IV. Providing Hospitality to Relatives of Business Contacts Generally Not Permitted

Prior written approval by the Compliance organization (which may be reached via compliance@partycity.com) is required for any hospitality benefitting the spouse and/or other relatives of a customer or Business Partner, except as provided below.

Under no circumstances will the Company provide hospitality for relatives of a Government Official or any other person accompanying a Government Official who does not have a legitimate business interest in the planned activities.



APPENDIX B

Party City Anti-Corruption Policy Acknowledgement

Name: _____

Title: _____

Location: _____

Supervisor: _____

I have received and read the Party City FCPA, UK Bribery Act and Anti-Corruption Policy (the ***“Anti-Corruption Policy”***). I am familiar with the Anti-Corruption Policy and the related procedures contained therein. I also understand the Party City Anti-Corruption Policy prohibits activity in violation of the FCPA, UK Bribery Act, or any other applicable anti-corruption law or regulation, and I certify the following:

- To the best of my knowledge, I am in compliance with the Anti-Corruption Policy.
- I am unaware of any unreported violation of the Anti-Corruption Policy.
- I take personal responsibility for continued compliance at all times with all sections of the Anti-Corruption Policy.
- I recognize my responsibility to ask questions, seek guidance, and report known, suspected or solicited violations of the Anti-Corruption Policy.

I understand that my failure to comply with the Party City Anti-Corruption Policy may result in, among other consequences, the immediate termination of my relationship with the Company for cause and/or material breach of my agreements with Party City.

Date: _____

Signature: _____

